



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-3

April 9, 1998

Stan Huckabee, Treasurer
National Republican Senatorial Committee
425 Second Street NE
Washington, DC 20002

Identification Number: C00027466

Reference: November Monthly Report (10/1/97-10/31/97)

Dear Mr. Huckabee:

This letter is to inform you that as of April 8, 1998, the Commission has not received your response to our request for additional information, dated March 18, 1998. This notice requests information essential to full public disclosure of your federal election campaign finances. To ensure compliance with the provisions of the Federal Election Campaign Act (the Act), please respond to this request (copy enclosed).

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions regarding this matter, please contact Neil Evans on our toll-free number (800) 424-9530 or our local number (202) 694-1130.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

MAR 18 1998

Stan Huckaby, Treasurer
National Republican Senatorial Committee
425 Second Street NE
Washington, DC 20002

Identification Number: C00027466

Reference: November Monthly Report (10/1/97-10/31/97)

Dear Mr. Huckaby:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your Schedule H4 discloses evidence of what appears to be a corporate in-kind contribution from AT&T on 10/2/97 for \$35,000; however, no contemporaneous transfer from the federal account to the non-federal account is disclosed on Schedule H4, nor is there a Schedule H3 disclosing the 10/2/97 \$35,000 corporate in-kind contribution. Please amend your report to clarify this apparent discrepancy.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 694-1130.

Sincerely,

Neil Evans
Reports Analyst
Reports Analysis Division

DISBURSEMENT SCHEDULE H4
(effective 1/3/91)JOINT FEDERAL/NON-FEDERAL
ACTIVITY SCHEDULE

| | |
|--------------|----|
| Page | of |
| 60 | 97 |
| FOR LINE 21A | |

NAME OF COMMITTEE: NATIONAL REPUBLICAN SENATORIAL COMMITTEE

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|--|------------------------------|---------|--------------|---------------|-------------------|
| Apple & Associates 236 Massachusetts Avenue, NW Washington, DC 20001 | Meeting Expenses EFWM | 10/9/97 | \$30.25 | \$19.65 | \$10.57 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,697.97

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|--|-----------------------------|---------|--------------|---------------|-------------------|
| Staff Leasing Systems 1532-8 Painter Ridge Plaza Bowie, MD 20715 | Salary Expenses EFWM | 10/9/97 | \$117.32 | \$74.26 | \$43.06 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,735.39

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|---|---|---------|--------------|---------------|-------------------|
| AT&T Post office Box 371430 Pittsburgh, PA 15250-7430 | In-Kind Exp/Computer Purchase EFWM | 10/1/97 | \$35,000.00 | \$0.00 | \$35,000.00 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,735.39

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|--|--------------------------|----------|--------------|---------------|-------------------|
| US Postal Service Citibank Delaware New Castle, DE 19720 | Rental Meter EFWM | 10/16/97 | \$8,000.00 | \$3,350.00 | \$1,750.00 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,735.39

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|---|--|----------|--------------|---------------|-------------------|
| Christopher Lorenzen 425 Second Street, NW Washington, DC 20002 | Meeting Exp./Reimbursement EFWM | 10/18/97 | \$306.83 | \$67.84 | \$36.59 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,833.82

| FULL NAME, ADDRESS & ZIP CODE | PURPOSE/EVENT | DATE | TOTAL AMOUNT | FEDERAL SHARE | NON-FEDERAL SHARE |
|--|---------------------------------------|----------|--------------|---------------|-------------------|
| Aileen R. Maynard 425 Second Street, NW Washington, DC 20002 | Travel Exp./Reimbursement EFWM | 10/18/97 | \$20.00 | \$12.69 | \$7.30 |

CATEGORY: Administrative

EVENT YEAR-TO-DATE: \$6,431,833.82

SUBTOTAL OF JOINT FEDERAL AND NON-FEDERAL ACTIVITY THIS PAGE

\$40,393.10

\$3,145.34

\$36,855.76

11. Prohibited In-Kind Donations for Allocable Activities

While contributions from corporations, labor organizations and federal government contractors are prohibited under federal law, they are permissible under some state laws. If that is the case, such donations may be accepted by a nonfederal account for strictly nonfederal activity. However, the situation is more complicated when donations of goods or services from such sources are made in connection with allocable activity, such as a fundraiser at which both federal and nonfederal funds are collected.

In AO 1992-33, the Commission explained how a committee can legally accept an in-kind donation from a prohibited source in connection with an allocable administrative or fundraising activity. Note that the Commission has not addressed the receipt of in-kind donations from prohibited sources for the other types of allocable expenses (i.e., generic voter drives and candidate support activity).

Advance Payment of Federal Share

To avoid the receipt of a prohibited contribution by the federal account, that account must pay the nonfederal account for the federal share of the in-kind donation. This payment—a transfer to the nonfederal account—must be made in advance or on the date the goods or services are received.

Per-Transaction Transfers

The federal transfer may be made on a per-transaction basis—that is, shortly before or on the same day the in-kind donation is received.

Escrow Transfers

Alternatively, the federal account may make bulk transfers to cover the federal share of anticipated in-kind donations. Under this "escrow" arrangement, a committee makes a good faith estimate of the amount of in-kind donations that it expects to receive and transfers sufficient funds from the federal account to cover the federal share.

Adjustments

Should the federal account pay more than its share of an in-kind donation, adjustment transfers from the nonfederal account are permissible.

Basic Reporting of In-Kind Donations: Example

On October 1, a state party committee receives a \$5,000 in-kind donation of flowers from a corporation for a federal/nonfederal fundraiser ("Chairman's Gala"). The estimated allocation ratio for the fundraiser is 50 percent federal and 50 percent nonfederal. That same day, the federal account transfers its share of the in-kind donation (\$2,500) to the nonfederal account.

Required Forms

- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

Schedule H3—Receipt of In-Kind Donation

The committee reports the receipt of the in-kind donation as a transfer from the nonfederal account for the "Chairman's Gala" fundraiser. The date used here is the date the committee received the flowers.

RECEIPT OF IN-KIND DONATION (H3)

| NAME OF ACCOUNT Nonfederal Account | DATE OF RECEIPT 10/1/96 | \$5,000.00 |
|---------------------------------------|-------------------------------|----------------------------|
| DESCRIPTION OF TRANSACTION RECEIVED | | |
| 1. Total contribution value | NONFEDERAL AMOUNT RECEIVED | FEDERAL AMOUNT RECEIVED |
| 2. Description of in-kind donation | NONFEDERAL AMOUNT RECEIVED | FEDERAL AMOUNT RECEIVED |
| 3. | | |
| 4. | | |
| 5. | | |
| 6. | | |
| 7. | | |
| 8. | | |

The Schedule H3 shows the nonfederal account's receipt of the \$5,000 in-kind donation of flowers on October 1.

"Disbursement" of In-Kind Donation (H4)

Like *in-kind* contributions, *in-kind* donations must be reported as both receipts and disbursements so as not to inflate the cash-on-hand balance. (The disbursement side reflects the use or "expenditure" of the resources.) Schedule H4 is used for the disbursement entry, which shows the \$5,000 *in-kind* donation as a 100 percent nonfederal disbursement. The donor's name and address is disclosed in the box generally used for payees.

Transfer from Federal Account (H4)

The second entry on Schedule H4 shows the contemporaneous transfer of \$2,500 (the federal share of the donation) from the federal account to the nonfederal account. The explanation of the transfer is described in the "Purpose" box, with a reference to the previous entry.

Alternative Reporting Method

To minimize entries and avoid duplication, a committee may use alternative methods to report transactions relating to *in-kind* donations.

The committee may use one entry on Schedule H3 to show the receipt of all *in-kind* donations made within the same reporting period for a particular fundraising program or event (or administrative activity).

The committee may also use one entry on Schedule H4 to show total federal payments (transfers) made on the same day for the federal share of *in-kind* donations.

Example

A committee receives two *in-kind* donations from prohibited sources for a mixed federal/nonfederal fundraising event, "July Fundraiser":

- Invitations donated by XYZ Printers, Inc. (value: \$3,000) received on July 1; and
- Balloons donated by ABC Balloons, Inc. (value: \$1,000) received on July 15.

The fundraising ratio for "July Fundraiser" is 50 percent federal, 50 percent nonfederal. The federal account transfers its \$2,000 share of the two donations on July 1.

DISBURSEMENT OF IN-KIND DONATION; FEDERAL TRANSFER (H4)

| DISBURSEMENT SCHEDULE H4 Transfers | | JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE | | | |
|--|--|--|--------------------|--|---------------|
| | | | | | |
| | | | | | |
| NAME OR ADDRESS State Party Committee | | | | | |
| A. NAME, MAILING ADDRESS & ZIP CODE Flowers by Peter, Inc. 300 Main Highway City, State ZIP | | B. PAYEE Flowers for Chairman's Gala | C. DATE 10/1/96 | D. TYPE \$5,000.00 <i>In-kind</i> | E. TOTAL 0 |
| F. AMOUNT \$2,500.00 | | G. PAYEE Nonfederal Account (same as above) | H. DATE 10/1/96 | I. TYPE \$2,500.00 Nonfederal Share | J. TOTAL 0 |

The first entry shows the "disbursement" of the \$5,000 *in-kind* donation by the nonfederal account. The second entry shows the federal account's transfer of its share of the donation (50 percent or \$2,500) to the nonfederal account.

Schedule H3—Receipt of In-Kind Donations

The committee uses one entry on Schedule H3 to show the total *in-kind* donations for "July Fundraiser" received during the reporting period. The "date of receipt" shows the period during which the committee received the contributions. The "July Fundraiser" entry cross-references the Schedule H4 entries showing the "disbursement" of the donations and the identity of the contributors.

RECEIPT OF IN-KIND DONATIONS (H3)

| NAME OR ADDRESS Nonfederal Account | | DATE OF RECEIPT 7/1-7/15/96 | | | \$4,000.00 |
|---------------------------------------|--|--------------------------------|----------------------------|------------------------------------|------------|
| | | PERCENT OF NONFEDERAL RECEIVED | | | |
| | | NONFEDERAL ONLY | DIRECT MAIL-OUT ONLY | NON- DIRECT MAIL-OUT ONLY | |
| 1. <i>XYZ Printers, Inc.</i> | | | | | |
| 2. <i>ABC Balloons, Inc.</i> | | | | | |
| 3. <i> </i> | | | | | |
| 4. <i> </i> | | | | | |
| 5. <i> </i> | | | | | |
| 6. <i> </i> | | | | | |

The \$4,000 *in-kind* transfer represents a \$3,000 donation received on July 1 and a \$1,000 donation received on July 15. The entry notes the Schedule H4 entries where information on the donations is available.

Schedule H4—"Disbursement" of Donations; Federal Transfer
Schedule H4 shows the "disbursement" of the two in-kind donations by the nonfederal account, each entry identifying the donor and the dates the donations were received.

The third entry shows the federal account's payment for its 50 percent share of the two donations and the date of the transfer to the nonfederal account. The entry relates to the previous two entries to show the transfer relates to those transactions.

"Escrow" Transfer

Advance transfers from the federal account to the nonfederal account to pay the federal share of anticipated in-kind donations are reported on Schedule H3. If known, the particular activity (fundraising program/event or administrative) to which the transfer applies should be noted. If the corresponding in-kind donations are received in a later reporting period, it is understood that the Schedule H3 entry will not be able to list the related Schedule H4 donor entries (showing the nonfederal "disbursement" of the donations).

DISBURSEMENT OF IN-KIND DONATIONS; FEDERAL TRANSFER (H4)

| DISBURSEMENT SCHEDULE FOR FEDERAL FUNDS | | JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE | | | | |
|--|--|---|-----------------|---|--------------------------------------|-------------------------------------|
| | | | | | | |
| | | Page 1 of 1 FOR LINE 27a | | | | |
| NAME OF CANDIDATE State Party Committee | | | | | | |
| a. All West State Committee P.O. Box XYZ Printing Incorporated 5180 Pine Street City, State ZIP | | DISBURSEMENT INSTRUCTIONS for July Fundraiser | DATE 7/15/98 | TOTAL AMOUNT (\$3,000.00 to-bank) | DISBURSEMENT AMOUNT 0 | NON-FEDERAL AMOUNT \$3,000.00 |
| DISBURSEMENT NAME OF CANDIDATE and amount 18,000.00 | | DISBURSEMENT INSTRUCTIONS for July Fundraiser | DATE 7/15/98 | TOTAL AMOUNT (\$1,000.00 to-bank) | DISBURSEMENT AMOUNT 0 | NON-FEDERAL AMOUNT \$1,000.00 |
| a. All West State Committee P.O. Box Balloonco Inc. 507 Oak Street City, State ZIP | | DISBURSEMENT INSTRUCTIONS for July Fundraiser | DATE 7/15/98 | TOTAL AMOUNT (\$1,000.00 to-bank) | DISBURSEMENT AMOUNT 0 | NON-FEDERAL AMOUNT \$1,000.00 |
| DISBURSEMENT NAME OF CANDIDATE and amount 18,000.00 | | DISBURSEMENT INSTRUCTIONS for July Fundraiser | DATE 7/15/98 | TOTAL AMOUNT (\$3,000.00 to-bank) | DISBURSEMENT AMOUNT \$3,000.00 | NON-FEDERAL AMOUNT 0 |
| a. All West State Committee P.O. Box State Party Committee Non-Federal Account 445 Democracy Blvd. City, State ZIP | | DISBURSEMENT INSTRUCTIONS for July Fundraiser (see A and B above) | DATE 7/15/98 | TOTAL AMOUNT (\$3,000.00 to-bank) | DISBURSEMENT AMOUNT \$3,000.00 | NON-FEDERAL AMOUNT 0 |
| DISBURSEMENT NAME OF CANDIDATE and amount 18,000.00 | | DISBURSEMENT INSTRUCTIONS for July Fundraiser | DATE 7/15/98 | TOTAL AMOUNT (\$3,000.00 to-bank) | DISBURSEMENT AMOUNT \$3,000.00 | NON-FEDERAL AMOUNT 0 |

The first two entries on this schedule provide information on the in-kind donations received and "disbursed" by the nonfederal account. The third entry shows that the federal account's 50 percent share of the donations was transferred to the nonfederal account on July 1. The entry cross-references the related entries.

